

## Message Text

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ACTION EUR-12

INFO OCT-01 AF-10 ARA-06 EA-07 IO-13 ISO-00 FMC-01  
FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00 COME-00  
EPG-02 DODE-00 EB-07 FPC-01 H-01 INR-07 INT-05  
L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06 OES-07  
SP-02 SS-15 STR-04 TRSE-00 ACDA-07 PA-01 PRS-01  
DOTE-00 CG-00 EPA-01 /142 W  
-----181058Z 059148 /12

R 181020Z MAY 77  
FM USMISSION OECD PARIS  
TO SECSTATE WASH DC 6695  
INFO ALL OECD CAPITALS  
USMISSION GENEVA  
AMEMBASSY MONROVIA  
AMEMBASSY PANAMA  
AMEMBASSY SINGAPORE  
AMCONSUL HAMBURG

LIMITED OFFICIAL USE SECTION 01 OF 03 OECD PARIS 14662

DEPT PASS MARAD, FMC

E.O. 11652: N/A  
TAGS: EWWT, OECD, ENRG  
SUBJECT: AD HOC HIGH LEVEL MEETING ON TANKER CRISIS

1. TWO DAY AD HOC HIGH LEVEL MEETING ON POSSIBLE MEASURES TO RESOLVE WORLD OIL CARRIER SITUATION MET MAY 13 AND 14, 1977, AND AGREED ON FOLLOWING REPORT TO OECD SECRETARY GENERAL:  
BEGIN TEXT -

1. THE AD HOC HIGH LEVEL MEETING CONCERNING THE POSSIBLE MEASURES AIMED AT RESOLVING THE WORLD OIL CARRIER SITUATION, MET ON 13/14 MAY 1977.

2. IT REACHED THE FOLLOWING GENERAL CONCLUSIONS:

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I) THE TASK FORCE REPORT (C(77)35) FORMED AN EXCELLENT BASIS FOR THE WORK OF THE MEETING AND THERE WAS GENERAL AGREEMENT THAT IT ACCURATELY ANALYSED THE SITUATION. MANY OF ITS CONCLUSIONS WERE AGREED TO BY A LARGE MAJORITY OF THE MEETING.

II) THERE WAS GENERAL AGREEMENT THAT MARKET BALANCE

WOULD NOT BE REACHED UNTIL WELL AFTER 1980, AND HENCE DELEGATES CONSIDERED THAT URGENT ATTENTION WAS NECESSARY.

III) THE TRANSSECTORAL METHOD OF EXAMINING THE PROBLEM APPEARED VERY USEFUL AND SHOULD BE CONTINUED.

IV) IT WAS NOTED THAT SEVERAL OF THE MEASURES UNDER CONSIDERATION WERE ALSO BEING EXAMINED IN OTHER BODIES. IT WAS AGREED THAT DUPLICATION OF EFFORTS MUST BE AVOIDED, AND THAT THE OECD, WHILE LEAVING THE MORE TECHNICAL ASPECTS TO OTHER BODIES SUCH AS IMCO, HAD A ROLE TO PLAY IN THE ECONOMIC ASSESSMENT OF CERTAIN PROPOSALS.

V) SEVERAL COUNTRIES INDICATED THEIR OPPOSITION TO UNILATERAL ACTIONS ALTHOUGH OTHERS DID NOT EXCLUDE IT. HOWEVER, THE DESIRABILITY OF INTERNATIONAL CONSENSUS WAS RECOGNIZED.

VI) PREFERENCE SHOULD BE GIVEN TO MEASURES WITH THE MOST WIDESPREAD BENEFIT.

3. IN THE LIGHT OF THESE CONCLUSIONS, THE GENERAL VIEW OF THE MEETING WAS THAT:

I) MEASURES A (CANCELLATION AND/OR DEFERMENT OF ORDERS), B (PROVISION OF A RESERVE FLEET), D (FREIGHT STABILIZATION SCHEME), F (INCREASED FREE BOARD SCHEME), I (VARIABLE LOADLINES), AND O (TANKERS AS FLOATING LIMITED OFFICIAL USE

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GRAIN STORAGE) SHOULD NOT BE FURTHER EXAMINED.

II) MEASURES E (STRENGTHENING CLASSIFICATION SOCIETIES AND ENFORCING SAFETY REGULATIONS), L (RETROFITTING OF SEPARATE BALLAST TANKS), M (MULTILATERAL ANTI-POLLUTION AGREEMENTS), AND P (DEDICATED CLEAN BALLAST TANKS) SHOULD BE EXAMINED WITH MAXIMUM PRIORITY.

III) MEASURES C (LOAN-ASSISTED LAY-UP), G (REVERSION TO PRE 1966 LOADLINE CONVENTION), H (ADDITIONAL REQUIREMENTS AND FLAG RESERVATION), J (SCRAPPING AND SCRAP/BUILD POLICIES), K (USE OF TANKERS FOR SLOP RECEPTION), AND N (TANKERS ARE FLOATING OIL STORAGE) WERE OF CONCERN TO SOME DELEGATES BUT THEIR CONSIDERATION SHOULD HAVE A LOWER PRIORITY.

4. THE MEETING AGREED THAT, IN THE LIGHT OF THE PRIORITIES SUGGESTED FOR FURTHER STUDY, THE APPROPRIATE BODIES OF THE OECD, WHEN CARRYING OUT THESE TASKS, SHOULD PAY

ATTENTION ALSO TO THOSE RECOMMENDATIONS OF THE TASK  
FORCE WHICH ARE RELEVANT, IN THE CONTEXT OF THE STUDIES.

5. THE MEETING AGREED TO ADVISE THE SECRETARY-GENERAL  
TO PROPOSE TO THE COUNCIL

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R 181020Z MAY 77  
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A) THAT IT SHOULD, ESTABLISHING SUCH AD HOC JOINT  
WORKING GROUPS AS MAY BE NECESSARY, INSTRUCT THE APPRO  
PRIATE BODIES TO INVESTIGATE IN DETAIL THE MEASURES  
DEEMED WORTHY OF FURTHER CONSIDERATION, WITH A VIEW TO:

- 1) PROPOSING TO THE COUNCIL GUIDELINES ON PRINCIPLES  
OF NATIONAL MEASURES TO BE TAKEN,
- 2) COORDINATING THE VIEWS AND POSITIONS OF MEMBER  
COUNTRIES IN OTHER FORA,
- 3) SPONSORING PROGRAMS FOR THE IMPLEMENTATION OF  
INTERNATIONALLY AGREED MEASURES

B) THAT THE COUNCIL SHOULD AUTHORISE THE BODIES, IF  
THEY CONSIDER IT APPROPRIATE, TO INVITE THE COOPERATION  
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OF NON-GOVERNMENTAL ORGANIZATIONS,

C) THAT THE COUNCIL SHOULD, TAKING INTO CONSIDERATION  
THE GENERAL SUPPORT FOR MANY OF THE IMPORTANT IDEAS CON-  
TAINED IN THE TASK FORCE REPORT, ADVISE MINISTERS AT  
THE MEETING OF THE OECD COUNCIL AT MINISTERIAL LEVEL ON  
22-24 JUNE 1977 OF WHAT HAS TAKEN PLACE,

D) THAT, AFTER APPROPRIATE INTERVAL, COUNCIL SHOULD  
CONSIDER RECONVENING THE PRESENT MEETING TO REVIEW  
PROGRESS. IF SO, SUCH A MEETING SHOULD TAKE PLACE  
BEFORE THE END OF 1977. END TEXT.

2. POSITION TAKEN BY NORWAY, GREECE AND SWEDEN WAS THAT  
1974/75 SHIPPING CRISIS FOCUSED ON TANKERS, AND CONSI-  
DERABLE PART OF WORLD TANKERS DEACTIVATED AS A RESULT;  
IF MAGNITUDE OF DEACTIVATION CONTINUES, PROBLEM WILL  
REMAIN SEVERE. NORWEGIAN DEL OLEBERG NOTED THAT AL-  
THOUGH SITUATION SOMEWHAT IMPROVED NORWEGIAN OPERATORS  
AND SHIPYARDS STILL SUFFERING. HE STATED THAT IN APRIL  
1976, 16 PERCENT OF WORLD FLEET (AND 47 PERCENT OF  
NORWEGIAN FLEET) LAID UP, WHILE TODAY ABOUT 8 PERCENT OF  
WORLD FLEET (AND 27 PERCENT OF NORWEGIAN FLEET CON-  
TINUE IN LAY UP.) NORWAY, HE SAID, FELT IT ESSENTIAL  
THAT NATIONAL AND INTERNATIONAL MEASURES BE TAKEN TO  
ALLEVIATE SITUATION, SINCE THE PROSPECT IN LIEU OF  
SUCH MEASURES IS AN UNDER-UTILIZED WORLD TANKER FLEET  
THROUGH 1985. MOREOVER, MEASURES TO SUPPORT NATIONAL  
SHIPPING EFFORTS SHOULD BE AVOIDED, SUCH AS PRICE  
CUTTING BY "SOME  
COUNTRIES", (OBVIOUS REFERENCE TO JAPAN), HAS LED TO  
MALDISTRIBUTION OF SHIPPING ORDERS. REMEDIAL MEASURES  
SHOULD EVOLVE IN AREAS SUCH AS SHIPPING, SHIPBUILDING  
AND THE ENVIRONMENT. OLEBERG PRAISED IMCO'S  
PROGRAMS AND PROPOSED PROGRAMS ON TANKER STANDARDS AND  
THE ENVIRONMENT, WHILE DEPLORING UNILATERAL PROTECTION  
IN THE FORM OF CARGO PREFERENCES AND SUBSIDIES.

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3. NORWEGIAN, GREEK AND SWEDISH DELEGATIONS HAD SOUGHT  
MORE SPECIFIC REFERENCE TO AND APPROVAL OF THE SPECIFIC  
RECOMMENDATIONS SET FORTH IN TASK FORCE REPORT C(77)35  
AT PARA 12. US, UK, CANADA, NETHERLANDS, AND FRG

OPPOSED REFERENCE TO THE SPECIFIC RECOMMENDATIONS WHICH  
IN VIEW OF THESE DELEGATIONS WERE NEITHER ADEQUATELY  
BALANCED NOR HAD BEEN THE SUBJECT OF EXPERT REVIEW.  
US DEL, SUPPORTED BY SAME GROUP OF COUNTRIES, WAS  
SUCCESSFUL IN PREVENTING SUCH REFERENCES AND STRESSED  
THE NEED TO FOCUS ATTENTION ON MEASURES PROMISING SUBS-  
TANTIAL ENVIRONMENTAL BENEFIT. HE NOTED THE DESIRABILITY  
OF AVOIDING MEASURES AIMED SOLELY OR MAINLY AT SHIPPING,  
SHIPYARDS AND FINANCIAL INSTITUTIONS (WHICH SHOULD

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FM USMISSION OECD PARIS  
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INSTEAD SEEK RESOLUTION VIA NORMAL COMMERCIAL MEANS),  
AND REMINDED DELEGATES THAT THE BENEFITS OF ANY  
MEASURES SHOULD ALSO BE EXTENDED TO THE USERS OF SHIPP  
ING SERVICES AND THE CONSUMER. US ALSO URGED THAT OECD  
CONSIDERATION OF POSSIBLE MEASURES BE CLOSELY COORDINATED  
WITH IMCO'S EFFORT TO LEAD IN THE IMPROVEMENT OF INTER-  
NATIONAL STANDARDS IN THE AREA OF TANKER POLLUTION

CONTROL. FINALLY, WE NOTED THAT WHILE TANKER PROBLEM HAS IMPLICATIONS FOR SEVERAL INDUSTRIAL SECTORS, MTC HAS DEMONSTRATED ITS CAPACITY TO ADDRESS SUCH MULTI-DIMENSIONAL (TRANSSECTORAL) ISSUES DIRECTLY, AND SHOULD ACCORDINGLY BEAR THE LEAD IN FUTURE WORK.

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4. FINAL REPORT OF AD HOC GROUP (PARA 1 ABOVE) IS A PRODUCT OF THOROUGH AND LIVELY DEBATE. ORIGINAL NORWEGIAN/SECRETARIAT PROPOSAL FOR FINAL REPORT OVER-EMPHASIZED WORKING GROUP'S REFERENCE TO, AND ALLEGED SUPPORT FOR ABOVE MENTIONED TASK FORCE RECOMMENDATIONS. US DEL SATISFIED THAT SUCH REFERENCE WAS OMITTED, AND THAT INSTRUCTIONS TO MTC AND OTHER BODIES CALLING FOR STUDY OF ECONOMIC AND POLITICAL ASPECTS OF PRIORITY MEASURES (RETRO FITTING OF SBT, STRENGTHENING CLASSIFICATION SOCIETIES, DEDICATED CLEAN BALLAST TANKS AND REGIONAL ANTI-POLLUTION ARRANGEMENTS) AVOIDED OECD ATTENTION TO UNDESIRABLE MEASURES SUCH AS FREIGHT STABILIZATION SCHEMES, INTERNATIONALLY INDORSED AND GOVERNMENT ASSISTED LAYUPS, OR VARIABLE LOADLINES.

5. MEETING WAS CHAIRED BY M. LEONARD, DIRECTOR OF THE COMMERCIAL FLEET IN THE FRENCH MERCHANT MARINE. THOSE ATTENDING: BELGIUM, CANADA, DENMARK, FINLAND, FRANCE, FRG, GREECE, ITALY, JAPAN, NETHERLANDS, NEW-ZEALAND, NORWAY, PORTUGAL, SAPIN, SWEDEN, SWITZERLAND, UK AND THE EEC.

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## Message Attributes

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